

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

May 7, 2003

LB 287, 759A

CLERK: 29 ayes, 1 nay, Mr. President, on the advancement of LB 759A.

SENATOR CUDABACK: The motion to advance was successful. Mr. Clerk, we move on now to General File, special order. Mr. Clerk, first item.

CLERK: Mr. President, the next bill, LB 287, a bill by Senator Landis. (Read title.) Bill was introduced on January 13, referred to the Revenue Committee, advanced to General File. I do have committee amendments, Mr. President. (AM1710, Legislative Journal page 1593.)

SENATOR CUDABACK: Thank you, Mr. Clerk. (Visitors introduced.) Senator Landis, you're recognized to open on your bill.

SENATOR LANDIS: Thank you, Senator Cudaback. Members of the Legislature, continuing on with the progress of revenue issues this session, this bill is repair labor. Our current shortfall is \$355 million. This bill represents \$36.7 million of gap filler in the current biennium. It's meant to be a permanent change in our tax laws, making repair labor taxable. On our boundaries: Iowa, this service is taxable; Kansas, this service is taxable; South Dakota, this service is taxable; Wyoming, this service is taxable. Now the repair labor means that if you've got a vacuum cleaner that needs to be repaired, if you've got a car that needs to be repaired, if you've got an air conditioner that needs to be repaired and you get that work done, the labor will be taxed. The parts are now taxed. This will tax the labor. We have sort of a crazy quilt out there. We have parts that are taxed and we have installation labor which is taxed, but repair labor which is not taxed. One of the problems of this last year has been to identify a bright line between installation labor and service labor. In fact, this will allow us to solve problems that vendors in good faith are now having out in the marketplace trying to figure out whether the service is taxed or not. Is this an installation or is it a repair of an existing product? With respect to ag machinery, ag machinery is exempt from taxation on our boundaries; however, with respect to labor, the labor rule would be the same as the parts rule in Nebraska, and the parts rule says this. If the parts are large